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ABSTRACT

This Quinmester course on money and banking, part of the political and economic studies cluster for grades 10, 11, and 12, aims at examining the nature, role and scope of money in a capitalistic economy. Emphasis is placed upon understanding the operation of government policies affecting banking, with its subsequent influences on our national economy. Purposes of the course are to facilitate student development of a personal value system, develop sound decision-making procedures on this value system, examine the principles upon which money and banking function as an institution in a capitalistic economy, and identify the inter-related effects of government policy and banking operations on the American economy. The eight topics in the course outline are the American economy, money, taxation, government spending, banking, the Federal Reserve System, economic fluctuation, and American economic policy. This course is arranged, as are other Quinmester courses, with sections on broad goals, course content, activities, and materials. (Author/KSM)

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AUTHORIZED COURSE OF INSTRUCTION FOR THE QUINMESTER PROGRAM

SD 006 226

SOCIAL STUDIES

MONEY AND BANKING

6455.15
6456.19
6457.50

DADE COUNTY PUBLIC SCHOOLS

DIVISION OF INSTRUCTION • 1971

ED 086608

SOCIAL STUDIES

MONEY AND BANKING

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6446.19
6416.50

Written by William E. Henderson

for the

Division of Instruction
Dade County Public Schools
Miami, Florida
1971

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INTRODUCTION

This course of study was written as a part of a total effort to revise curriculum to fit the quinmester administrative organization of schools. The materials and information in this guide are meant to be neither all-inclusive nor prescriptive; but rather, an aide to teachers as they plan instructional programs, taking into account student needs and characteristics, available resources, and other factors.

The major intent of this publication is to provide a broad framework of goals and objectives, content, teaching strategies, class activities, and materials all related to a described course of study. Teachers may then accept the model framework in total or draw ideas from it to incorporate into their lessons.

The guide is divided into 1) a broad goals section, 2) a content outline, 3) objectives and learning activities, and 4) materials. The first section provides descriptive and goal-oriented information for the teacher; "indicators of success" refers to suggested prerequisite or corequisite experiences. The content outline illustrates, in general terms, the scope and major subdivisions of the course. The objectives and learning activities section, hopefully, provides a total picture of the concept or main idea and specific behavioral objectives for a set of given learning activities. The materials section of the guide lists resources in four categories: essential textual or other material; alternate classroom materials to use in place of or in addition to the aforementioned; supplementary teacher resources; and supplementary student resources. The appendix may include other material appropriate for a specific course: e.g., pretests, readings, vocabulary, etc.

Anyone having recommendations relating to this publication is urged to write them down and send to : Social Studies Office, Room 306, Lindsey Hopkins, A-1.

James A. Fleming
Social Studies Consultant

COURSE DESCRIPTION: THIS COURSE AIMS TO EXAMINE THE NATURE, ROLE AND SCOPE OF MONEY IN A CAPITALISTIC ECONOMY. EMPHASIS IS PLACED ON UNDERSTANDING THE OPERATION OF GOVERNMENT POLICIES AFFECTING BANKING WITH ITS SUBSEQUENT INFLUENCES ON OUR NATIONAL ECONOMY.

CLUSTER: Political and Economic Studies
GRADE LEVEL: 10-12
COURSE STATUS: Elective
INDICATORS OF STUDENT SUCCESS: None

COURSE RATIONALE: THE PURPOSES OF THIS COURSE ARE TO HELP FACILITATE STUDENT DEVELOPMENT OF A PERSONAL VALUE SYSTEM, DEVELOP SOUND DECISION-MAKING PROCEDURES BASED ON THIS VALUE SYSTEM, EXAMINE THE PRINCIPLES UPON WHICH MONEY AND BANKING FUNCTION AS AN INSTITUTION IN A CAPITALISTIC ECONOMY, AND IDENTIFY THE INTER-RELATED EFFECTS OF GOVERNMENT POLICY AND BANKING OPERATIONS ON THE AMERICAN ECONOMY.

COURSE GOALS:

1. THE STUDENT WILL RELATE THAT THE AMERICAN ECONOMY, AS EVIDENCED THROUGH A MODIFIED FREE ENTERPRISE SYSTEM, EXISTS FOR THE INDIVIDUAL.

2. THE STUDENT WILL JUSTIFY THE IMPORTANCE OF THE ROLE OF MONEY IN A CAPITALISTIC ECONOMY.

3. THE STUDENT WILL PROPOSE REASONS FOR THE EXISTENCE OF THE AMERICAN TAX STRUCTURE.

4. THE STUDENT WILL DISCUSS, CRITICALLY, GOVERNMENT SPENDING AND THE ALLOCATION OF FUNDS IN THE UNITED STATES.

5. THE STUDENT WILL ANALYZE THE FUNCTION OF THE COMMERCIAL BANKING INSTITUTION IN THE FREE ENTERPRISE SYSTEM.

6. THE STUDENT WILL INTEGRATE THE OPERATION OF THE FEDERAL RESERVE SYSTEM INTO THE PROPER FUNCTIONING OF THE AMERICAN ECONOMY.

7. THE STUDENT WILL FORMULATE HYPOTHESIS FOR COMBATTING ECONOMIC FLUCTUATION IN THE UNITED STATES.

8. THE STUDENT WILL SYNTHESIZE THE ROLES OF MONEY, BANKING, AND GOVERNMENT IN THE ESTABLISHMENT OF AMERICAN ECONOMIC POLICY.

COURSE OUTLINE:

I. The American Economy

A. The free enterprise system (a mixed economy)
   1. Role of the individual
   2. Role of business
   3. Role of government

B. Economic goals of the U.S.
   1. Personal goals of the individual
   2. National goals of the country

II. Money

A. The nature of money
   1. History of money in the U. S.
   2. Characteristics of money

B. The functions of money
   1. Measurement of economic value
   2. Standard of deferred payments
   3. Store of economic value
   4. Medium of exchange

C. Measuring economic growth
   1. Gross National Product defined
   2. Gross National Product measured
   3. Price indices, consumer and wholesale
   4. Equation of exchange (MV-PT)

III. Taxation

A. History of taxes in the U. S.
   1. Types of taxes developed
   2. Role of the Treasury Department/IRS

B. Economic Function of Taxes
   1. Source of federal revenue
   2. Source of automatic economic stabilizers
   3. Source of discretionary stabilizers

IV. Government Spending

A. Distribution of public funds
   1. National budget
   2. National debt
   3. Balance of payments

B. Development of fiscal policy
   1. Fiscal policy defined
   2. Fiscal policy exercised
      a. Varying tax rates
      b. Varying transfer payments
      c. Varying public expenditures

COURSE OUTLINE:

V. Banking

A. Commercial banking operations
   1. History of banking
   2. Functions of commercial banks
   3. Accounts and financial operation
   4. Consumer services provided
      a. Savings accounts
      b. Checking accounts
      c. Other services

B. Role in economic growth - credit creation
   1. Monopoly bank
   2. Banking system
   3. Multiple banking system

VI. Federal Reserve System

A. History and function of the FRS
   1. Administrative functions
   2. Circulation of coin and currency (Gresham's)
   3. Services provided to member banks

B. Development of monetary policy
   1. Monetary policy defined
   2. Monetary policy exercised
      a. Controls employed
      b. Federal Deposit Insurance Corporation

VII. Economic Fluctuation

A. Types encountered in a capitalistic economy
   1. Inflation
      a. Demand - pull
      b. Cost - push
      c. Creeping
   2. Recession / depression

B. Controls prescribed and resultant effects
   1. Fiscal policy
   2. Monetary policy
   3. Coordination of policy

VIII. American Economic Policy

A. Classical Economic Policy

B. Keynesian or new economic model

C. Modern economic policy
   1. Achievement of economic goals
   2. Relation to money and banking
   3. Function of government
   4. Measurement of business performance
   5. Regulation of economic fluctuation
   6. Formulation of a new theory

GOAL #1: THE STUDENT WILL RELATE THAT THE AMERICAN ECONOMY, AS EVIDENCED THROUGH A MODIFIED FREE ENTERPRISE SYSTEM, EXISTS FOR THE INDIVIDUAL.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
I. THE STUDENT, AS AN INDIVIDUAL, IS ONE OF THE MOST IMPORTANT COMPONENTS OF THE ECONOMIC SYSTEM IN AMERICA.	A. The student will evaluate the role of the consumer, business, and government in the American economy.	1. Have students view the film Its Everybody's Business (22'C, 1-10214), or the filmstrip The U.S. Economy (available from the New York Times), and answer the following discussion questions: a. How do our freedoms in the United States provide a foundation for our business system? b. Do any dangers exist that might affect these personal political and economic freedoms? c. Why is our economic system a modified, rather than a pure form of, the free enterprise system? d. What roles should the consumer, business, and government assume in protecting and perpetuating this modified form of the free enterprise system? 2. Divide the class into the following groups: consumers, business interests, and government. Let each group answer the following questions among themselves: a. What is the importance of your group in the economy? b. What role should your group assume? c. Should any restrictions or regulations be placed on your group or its activities? d. What relationship should exist between your group and the other groups in our economic structure? e. What controls and regulations can your group exercise over the economy? After the groups have answered these questions, have a member of each group represent them in a debate with representatives from the other groups debating and presenting a defense of their role in society.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		3. Have students play the Economic System game (available from Academic Games Associates) to identify the roles of the consumer, business, and government in the economy.
	B. The student will distinguish between the economic goals of the individual and those of the nation as a whole.	1. Elicit responses from students as to what they consider their personal economic goals to be, and list them on the chalkboard for discussion. 2. On an acetate, list the economic goals of the U.S., or, if possible, ask the students to identify them after reading copies of the President's State of the Union Address or his Report on the Economy (obtainable from the Miami Herald or New York Times newspapers). Ask the students to respond to the following: a. How are your individual goals similar to those of the nation? Different? b. Do the goals of the nation represent those of the individual? c. Can the individual achieve his goals through the achievement of those of the nation? Or vice versa? d. How do the national economic goals relate to those of the poor, i.e., ghettos?

GOAL #2: THE STUDENT WILL JUSTIFY THE IMPORTANCE OF THE ROLE OF MONEY IN A CAPITALISTIC ECONOMY.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
II. MONEY IS A MOST IMPORTANT INGREDIENT FOR THE PROPER FUNCTIONING OF A CAPITALISTIC ECONOMY.	A. The student will analyze the functions and characteristics of money.	1. Have the students read the pamphlet Fundamental Facts About U.S. Money (available from the Federal Reserve Bank of Atlanta) and then turn in a one-page paper discussing the role of money in the U.S. The paper would be used for formulative evaluation only and would be returned to the students. 2. As an alternate to the activity in #1, have one or more students read one of the following selections and report back to the class on the history of money in the U.S.: Facts About U.S. Money (available from the U.S. Treasury Dept.) Fundamental Facts About U.S. Money (available from the Federal Reserve Bank of Atlanta) A Monetary History of the U.S., 1867-1960 by Milton Friedman. 3. Have students read the booklets Money: Master or Servant and Counterfeit? (available from the Federal Reserve Bank of Atlanta), and respond to the following discussion questions: a. What is the role of money in the functioning of the U.S. economy? b. Are the functions of money necessary for the existence of our economy? c. Could you function without the existence of money? How? 4. Show the filmstrip Our Money System (available from Guidance Associates, Pleasantville, N.Y.) and ask the students to respond to the questions in activity #3.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		5. List the characteristics of money on the chalk board and ask the students to identify forms of money that would best represent each characteristic: Then ask the students to evaluate how well U.S. currency measures up to the characteristics. 6. Divide the students into four or five groups and instruct them to hypothetically formulate a currency other than that presently used in the U.S., and answer the following: a. What are the uses of your currency? b. Will another group accept your currency? Why or why not? Have each group compare their currencies with the others and then list on the chalk board, from class consensus, suggested functions and characteristics of money. 7. Have the students play the Managing Your Money game (available from CUNA Mutual Insurance Society, Madison, Wisconsin) to help them clarify the functions of money in a capitalistic economy.
	B. The student will cite evidence for the importance of money as a measurement of economic growth.	1. Define Gross National Product as the total amount of goods and services produced in a country during a given time period, and then ask the students to define or construct methods for its measurement. 2. Ask the class to respond to the following: a. What effect do you, as a consumer, have on GNP? b. Would it be possible to determine GNP without the existence of money? How?

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		3. To illustrate the expenditure method for determining GNP, divide the class into the following groups: consumers, business, government, net foreign investment. Ask each group to determine in what general areas or categories could their expenditures be classified, and then list them on the chalk board. The total - GNP. 4. Have students research and report on the functions of price indices and the equation of exchange. Sources: Commission on Money and Credit, Money and Credit: Their Influence on Jobs, Prices, and Growth or Haines, W.W. Money, Prices, and Policy or any basic economics text. Ask the class to respond to the following: a. Of what value are price indices and the equation of exchange in measuring economic growth? b. Would either of these measurements be valuable if expressed in terms other than money? 5. To help students clarify the function and development of price indices, have the class construct a simple price index to include a list of goods suggested by the class. Use any three days prices as a base period, add up and calculate the average prices of the selected goods for those days, and then compare the average prices calculated at the end of a few weeks. Ask them to respond to the following: a. What did the index measure? b. Was it helpful or functional? c. Could it have been expressed in terms other than money?

GOAL #3: THE STUDENT WILL PROPOSE REASONS FOR THE EXISTENCE OF THE AMERICAN TAX STRUCTURE.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
III. THE AMERICAN TAX STRUCTURE PLAYS AN INTEGRAL PART IN THE OPERATION OF OUR CAPITALISTIC ECONOMY.	A. The student will analyze the historical development of taxation in the U.S.	1. Show the films Then and Now (1-31181,24'c), and It Happens Every Year (28'c, 1-31171) or Time and Taxes (15'c, 1-12942) and ask the students to respond to the following questions: a. Why was the tax system in the U.S. established? b. How has the tax structure changed over the years? c. What is the relationship between the tax system and the free enterprise system? d. What is the relation between taxation and money and banking? e. Is the Internal Revenue Service necessary? f. Can a capitalistic economy function without a centralized tax system? If so, how? 2. Invite a speaker from the Internal Revenue Service to come in and talk to the class on the history, functions, and services of the federal tax agency. 3. Have students research the history of taxes in the U.S. and report back to class on their findings. Sources: Encyclopedia Britanica or pamphlets from U.S. Treasury Department and IRS on taxes. 4. Have students read booklets available from the Internal Revenue Service describing the history and functions of the tax system.
	B. The student will suggest the economic functions of taxes.	1. Show the filmstrip Your Tax Dollar (available from the New York Times), and ask the students to respond to the following: a. What is the function of your tax dollar? b. Do you agree with the distribution of your tax dollar as it is presently done?

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		c. Would government in a capitalistic society be able to function without taxes? In any society Why or why not? d. Would you enjoy the same standard of living now existing without a federal tax? e. Is economic growth possible without taxes? How? 2. Using the federal income tax as an example of an automatic economic stabilizer, and the federal tax surcharge as a discretionary economic stabilizer, ask the students to list the functions of each in order to identify how taxes act as economic controls. 3. Elicit responses from the students as to what items, projects, or services can be observed in their community that would not exist without the federal tax system. List these responses on the chalk board and then ask the class to respond, either orally or in writing, to the following: How important is the economic function (s) of taxes to our capitalistic society? 4. Invite a local IRS agent in to discuss the function of automatic and discretionary stabilizers or ask a local college or junior college professor to come in and speak on the same topic. 5. To help the students identify their relationship to taxes, obtain some income tax forms from the local IRS office and have the students work through them. Afterwards, ask the students to identify and discuss the possible abuses and inequities of our income tax system.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		6. Have students research report to the class on various tax theories and modifications to the present income tax system that have been suggested, i.e., Henry Georges' single tax theory.

GOAL #4: THE STUDENT WILL DISCUSS CRITICALLY GOVERNMENT SPENDING AND THE ALLOCATION OF FUNDS IN THE UNTIED STATES.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
IV. THE ALLOCATION OF PUBLIC FUNDS BY THE U.S. GOVERNMENT BOTH AFFECTS AND EFFECTS THE OPERATION OF OUR CAPITALISTIC ECONOMY. NOTE: A UNIT ON U.S. FOREIGN TRADE AND OVERSEAS INVESTMENT CAN BE FOUND IN THE CUIN COURSE ENTITLED AN INTRODUCTION TO THE AMERICAN ECONOMY.	A. The student will analyze the federal government's allocation of public funds.	1. Have students research and report on the present national budget which can be found in issues of U.S. News and World Report, Newsweek, or other periodicals and ask the class to respond to the following: a. In what areas are the allocation of funds the greatest? b. In what areas do you think the allocation of funds should be the greatest? Why? c. Is the national budget designed to fulfill the needs of all the people? Why or why not? 2. Have students read the following booklets available from the Federal Reserve Bank of Philadelphia: The Balance of Payments and The National Debt and respond in writing to the following: a. What is the balance of payments position of the U.S.? b. What can be done to correct our balance of payments position? c. Explain why the national debt exists. Is it necessary? d. What is the relationship, if any, between the national debt and the balance of payments position of the U.S.? e. Do you think that the national debt or the balance of payments situation affects the economy of the U.S.? If so, How? If not, why not? 3. In order to clarify the effect of the national budget on the populace, ask the students to identify how many benefits they are receiving from budget allocations. After these responses have been obtained, ask the students to decide whether the

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		benefits they are enjoying are greater than, equal to, or less than the cost they or their parents have paid for them through taxes. 4. Ask students to research and report on government spending, domestic and foreign, and to identify its relationship to the economic position of the U.S. in the world. Source: Government Spending Programs, a synopsis.
	B. The student will investigate the operation of United States fiscal policy.	1. Have students research and report to the class on the fiscal policy of the U.S., what it is and what it does. Sources: Bernstein, P.L. A Primer on Money Banking and Gold. Wagner, L.E. Income, Employment and Prices. Or any government publications on the subject or periodicals. 2. Booklets describing the basics of U.S. fiscal policy may be obtainable from the U.S. Treasury Dept. If class sets are obtained, have the students read them and then respond to the following: a. How can fiscal policy be used to promote economic stability? b. Is fiscal policy always successful in achieving its goals? Why or why not? c. Can the U.S. use fiscal policy more advantageously than is presently being done? How?

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

d. What problems might be encountered when fiscal policy is exercised?
e. Can these problems be solved without infringing upon anyone's economic rights?
f. What is the difference between fiscal and monetary policy?

3. The fiscal policy of the U.S., as is evidenced from the government budget, can be strengthened through the manipulation of any one or all of the following: varying tax rates, transfer payments, public expenditures. List these three areas on the chalk board and ask the students to identify:

a. Which would be the most effective?
b. Which would be the easiest to effect?
c. Which would be the quickest approach to strengthening fiscal policy? Why?
d. Should the executive branch be given anymore authority over any of these areas in order to produce a more effective fiscal policy? If so, which areas and why?
e. What problems might be encountered when attempting to employ any of these three measures? (taxes-too much government power? transfer payments-change from automatic to discretionary stabilizers? public expenditures-time factor involved?)

Sources:

Any texts on money and policy listed in the bibliography.

GOAL #5: THE STUDENT WILL ANALYZE THE FUNCTION OF THE COMMERCIAL BANKING INSTITUTION IN THE FREE ENTERPRISE SYSTEM.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
V. THE COMMERCIAL BANKING INSTITUTION PLAYS A VITAL ROLE IN THE FINANCING OF THE AMERICAN FREE ENTERPRISE SYSTEM.	A. The student will investigate commercial banking operations in the U.S.	1. Have students read either <u>The Story of American Banking</u> (available from the Banking Education Committee of the American Bankers Association, New York) or <u>Using Bank Services</u> (available from the ABA) and then ask them to respond to the following: a. What is the role of banking in the U.S.? b. What consumer or customer services do American banks provide? What should they provide? c. Can the free enterprise system function without banking institutions? If so, how? If not, why not? d. Would society, in general, be able to function without a banking system? Explain. e. Should banks be nationalized? 2. Have students report to the class on interviews made with banking officials concerning the function of banks in today's economy, or invite a member of the Florida Banker's Association to speak to the class on the functions of banks. 3. Plan a field trip to the First National Bank of Miami or a local bank to observe banking operations. 4. Have students play the game <u>Monoply</u> (available from Parker Bros.) to observe the functions and activities of a banker. 5. How are banks regulated by the government (federal and state)?
	B. The student will identify the variables encountered	1. Show the film Banks and Credit (10'BW, 1-00398), and ask the students to respond to the following:

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
	when banks attempt to affect economic growth.	a. What is bank credit? b. How does the federal reserve system create money by allowing banks to borrow on commercial paper (business and consumer loans)? c. How can banks affect the economic growth of the U.S.? 2. Invite a bank official in to discuss the role of banks in creating money and credit. 3. Have students research and report on the credit creation by a monopoly bank, banking system, and multi-banking system. Sources: M. Jones, The Story of the Bank of America C.L. Harriss, Money and Banking 4. Have students participate in the following simulation game. Any number of students can participate, although only ten are recommended. Materials needed: denominations of play money and simulated checks. Allocate the students as follows: one as Bank A, one as Bank B, one as Bank C, one as the clearinghouse, three as private checking account customers (having accounts in different banks, one in each bank only), and three as business customers, each having their checking account in a different bank. Present the customers with different balances in their accounts, the banks with their deposit figures and reserve requirements, and the clearinghouse with an account for each bank. Present transactions to the customers and have them write checks

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		in payment. The transactions will be among the customers. The rest of the class can observe this operation to identify how money is created by placing more money in circulation. This game will usually take two class periods and may be stopped or prolonged at the discretion of the instructor. Have students compare this banking system operation to that of a monoply and multi-banking system.

GOAL #6: THE STUDENT WILL INTEGRATE THE OPERATION OF THE FEDERAL RESERVE SYSTEM INTO THE PROPER FUNCTIONING OF THE AMERICAN ECONOMY.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
I. THE FEDERAL RESERVE SYSTEM IS NECESSARY FOR THE PROPER FUNCTIONING OF THE AMERICAN ECONOMY.	A. The student will justify the existence of the Federal Reserve System.	1. Have students view either of the following films: Money on the Move (28'C, 1-31173) or Federal Reserve Bank and You (30'BU, 1-31161), and respond to the following: a. What is the known role of the Federal Reserve System in the U.S.? b. What services are provided by this banking system? Are they necessary? c. Is it necessary for banks to control the money supply and credit of a country? Why or why not? d. Can the banking system of the U.S. serve the consumer and business segments of our economy efficiently without the Federal Reserve System? 2. Students can read the following booklets and then respond to the above mentioned questions: The Federal Reserve System, Purposes and Functions or Keeping Our Money Healthy (both obtainable from the Federal Reserve Bank of Atlanta). 3. Students can view the following filmstrip and then complete activity #1: Role of the Federal Reserve System in the U.S. Economy (available from the Joint Council of Economic Education). 4. Invite a speaker from the Federal Reserve branch bank to come in and discuss its operation. (a branch bank is to locate in Miami 1971). Suggested questions to ask speaker:

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		a. Are all reports of the Federal Reserve open for public inspection or are some reports unavailable and classified? b. What information available to the Board of Governors and Federal Reserve System is withheld? c. Is the Federal Reserve System a public and non-profit corporation? d. Is the Federal Reserve System government owned and operated? (1) Is the Federal Reserve System owned by private shareholders or institutional investors? (2) Does the Federal Reserve System charge member bank a fee for services? (3) Does the system make a profit?
	B. The student will specify the limitations of the use of monetary policy in the United States.	1. Define monetary policy as a method for curbing economic fluctuation through the control over the money supply, specifically over the amount of money in circulation. Elicit responses from the students as to what controls the Federal Reserve Board might possess that could be employed to modify economic fluctuation. List these responses on the board for clarification and discussion. 2. Have students research and report to the class on the uses of monetary policy in the U.S. Sources: C.L. Harriss, Money and Banking. G.G. Sause, Money, Banking, and Economic Activity W. Hanovitch, ed., Monetary Policy: The Argument from Keynes' Treatise to Friedman N.H. Jacoby, ed., United States Monetary Policy.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		3. Invite a banker to come in and speak to the class on the function and limitations of monetary policy. (The Florida Banker's Association would be an organization to contact. Mr. Norman M. Giller, President Jefferson National Bank at Sunny Isles. Phone: 949-2121 or 538-6324.

GOAL #7: THE STUDENT WILL FORMULATE HYPOTHESIS FOR COMBATTING ECONOMIC FLUCTUATION IN THE UNITED STATES

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
VII. COMBATTING ECONOMIC FLUCTUATION IN THE UNITED STATES IS A COMPLEX, COMPREHENSIVE ACTIVITY.	A. The student will suggest the causes of economic instability in the United States.	1. Have students read the following booklets: The Mystery of Economic Growth (available from the Federal Reserve Bank of Philadelphia). You and your Money (available from the Federal Reserve Bank of Richmond) or Money and Economic Balance (available from the Federal Reserve Bank of Atlanta) and respond to the following: a. What types of inflation exist in our country? b. What other types of economic instability can be observed in the U.S.? c. What is the relationship of money to inflation? d. Can inflation exist without the existence of money? How? 2. Have the students view the film Inflation (22'BW, 1-10190), and respond to the questions in exercise or Activity #1. 3. In order for the students to identify the causes and effects of inflation and recession have them view the film '29 Boom and '30's Depression (15' BW, 1-10178). 4. Have students play the game Panic, (available from Interact) to simulate the conditions existing during a recession. 5. Have the students research the effects of inflation and recession in your area and report back to class concerning the causes, effects, and possible controls.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
	8. The student will analyze the available controls for modifying economic fluctuation in the United States.	1. Elicit responses from the students as to how fiscal and monetary policy might be employed to effect economic stabilization. 2. List the responses in the activity above on the chalk board and ask the students to hypothesize their own solutions and combination and coordination of policies in writing. These can later be used as a basis for discussion. 3. Divide the class into four or five groups and ask them to propose a program for controlling inflation. Have a representative of each group defend their policy before the class.

GOAL #8: THE STUDENT WILL SYNTHESIZE THE ROLES OF MONEY, BANKING, AND GOVERNMENT IN THE ESTABLISHMENT OF AMERICAN ECONOMIC POLICY.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
VIII. EVERY ECONOMIC AGENCY IN THE UNITED STATES CONTRIBUTES TO THE FORMULATION OF ECONOMIC POLICY.	A. The student will differentiate between the classical economic model and the new economic model.	1. Have the students identify and then list on the chalk board the characteristics and conditions necessary for the classical model. (Students may either read or listen to reports on this model prior to the activity. Sources: Gordon, An Introduction to the American Economy Sause, G.G., Money, Banking, and Economic Activity Inman and Murphy, The Economic Process; Inquiry and Challenge.) 2. Divide the class into three groups, the consumers, business, and government. Assuming that the economy of the class is operating under the classical model, ask each group to answer the following: a. In what ways does your group benefit from operating under this model? b. Does this model benefit society in general? How? c. What is the role of money under this model? Banking? Government? d. Can progress be achieved under this model? Why or why not? e. Are there any adverse effects that this model might have on the economy or any of its segments? Have a representative from each group represent their viewpoint to the class for discussion and criticism. 3. Repeat activities #1 and #2 with the new or Keynesian model, noting the major differences in its operation.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		Sources: Murad, What Keynes Means. Gordon, An Introduction to the American Economy. Inman and Murphy, The Economic Process; Inquiry and Challenge.
	B. The student will specify the limitations of any economic model or policy when attempting to satisfy societal and economic needs.	1. Show the film Backdrop for Public Policy (29'BW, 1-31288), and ask the students to respond to the following: a. Can an economic policy successfully prevent excessive fluctuation of an economy? Why or why not? b. Can an economic model help in the measurement of business performance? c. What limitations would either the classical or new economic model experience when attempting to prevent economic fluctuation? d. What is the relationship of money, banking, and government to the functioning of an economic model? 2. Have the students read the booklet: You, Money and Prosperity (available from the Banking Education Committee of the American Bankers Association) and answer the questions in activity #1. 3. Show the New York Times filmstrip Prosperity Without End, and ask the students to respond to the following: a. Will the classical or new model completely

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		satisfy all of the economic goals of the U.S.? Why or why not? b. What characteristics should an economic model have in order to operate successfully in today's economy? c. Is it possible to have an effective economic model today that will be acceptable in the future? Why or why not? d. How are fiscal and monetary policy related to the economic policy or model of the U.S.? Do they affect the model or are they effected by it? 4. Have students research and report to the class on the functions of the following in developing economic policy and identify possible limitations they may attach to an economic policy: Council of Economic Advisors Federal Reserve Board U. S. Treasury Department Executive Department Congress: Sources: Any of the pertinent bibliographical material presented and periodicals.

MATERIALS:

1. RECOMMENDED BASIC TEXTUAL AND OTHER MATERIALS:
   * (not state adopted) **Low level (not state adopted)

   A. Textual (books):

*Bernstein, Peter L. A Primer on Money, Banking, and Gold. New York: Random House, 1965.

*Carson, D., ed. Money and Finance-Readings in Theory, Policy, and Institutions. New York: John Wiley & Sons, Inc., 1966.

*Commission on Money and Credit. Money and Credit: Their Influence on Jobs, Prices, and Growth. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1961.

Gordon, Sanford D. and Witchell, Jess. An Introduction to the American Economy-Analysis and Policy. Boston: D.C. Heath and Company, 1967.

**Rosenblum, Marc. How a Market Economy Works. Minneapolis: Lerner Publications Co., 1970.

**Smith, Kenneth H. Money and Banking. Minneapolis: Lerner Publications Co., 1970.

   B. Supplemental textual material (class sets of booklets)

Counterfeit? Atlanta: Federal Reserve Bank of Atlanta, 1970.

Facts About United States Money. Washington, D.C.: United States Treasury Department, 1968.

Federal Reserve System, Purposes and Functions. Atlanta: Federal Reserve Bank of Atlanta, 1963.

Fundamental Facts About United States Money. Atlanta: Federal Reserve Bank of Atlanta, 1967.

Keeping Our Money Healthy. Atlanta: Federal Reserve Bank of Atlanta, 1966.

Money and Economic Balance. Atlanta: Federal Reserve Bank of Atlanta, 1967.

Money: Master or Servant. Atlanta: Federal Reserve Bank of Atlanta, 1969.

The Balance of Payments. Philadelphia: Federal Reserve Bank of Philadelphia, 1966.

The Mystery of Economic Growth. Philadelphia: Federal Reserve Bank of Philadelphia, 1966.

The National Debt. Philadelphia: Federal Reserve Bank of Philadelphia, 1965.

The Story of American Banking. New York: Banking Education Committee of the American Bankers Association, 1969.

The Story of Checks. New York: Federal Reserve Bank of New York, 1966.

Using Bank Services. New York: Banking Education Committee of the American Bankers Association, 1969.

You and Your Money. Richmond: Federal Reserve Bank of Richmond, 1969.

You, Money and Prosperity. New York: Banking Education Committee of the American Bankers Association, 1969.

C. Periodicals: Monthly Review of the Federal Reserve Bank of New York. (six copies recommended, usually available at no charge)

D. Audio-visual: (All films available from Lindsey Hopkins)

Backdrop for Public Policy. BPL, 29 min. B&W. 1-31288

Banks and Credit. Coronet, 10 min. B&W. 1-00398

Federal Reserve Bank and You. Federal Reserve Bank of Atlanta, 30 min. B&W 1-31161

Inflation. EBEC, 22 min. B&W. 1-10190

It's Everybody's Business. U.S. Chamber of Commerce, 22 min. Color. 1-10214

It Happens Every Year. U.S. Treasury Department, 28 min. Color. 1-21171

Money on the Move. Federal Reserve Bank, 28 min. Color. 1-31172

Then and Now. U.S. Treasury Department, 24 min. Color. 1-31181

Time and Taxes. U.S. Treasury Department, 15 min. Color. 1-12942

'29 Boom and '30's Depression. McGraw-Hill, 15 min. B&W. 1-10178

Our Money System. Guidance Associates. 1 filmstrip and record.

Prosperity Without End. New York Times, Inc., 1969. 1 filmstrip, record, and guide.

Role of Federal Reserve System in the U.S. Economy. Joint Council of Economic Education, 1961. 1 filmstrip and guide.

The U.S. Economy. New York Times, Inc. 1 filmstrip, record, and guide.

Your Tax Dollar. New York Times, Inc., 1971. 1 filmstrip, record, and guide.

2. ALTERNATE STUDENT AND CLASS MATERIAL:

A. Supplemental textual:
* low level

Business Ups and Downs. Washington, D.C.: U.S. Chamber of Commerce, 1969.

Central Bank Cooperation. New York: Federal Reserve Bank of New York, 1967.

Essays in Domestic and International Finance. New York: Federal Reserve Bank of New York, 1969.

Essays in Money and Credit. New York: Federal Reserve Bank of New York, 1964.

Federal Economic Policy, 5th ed. Washington, D.C.: Congressional Quarterly, 1970.

Gold. Philadelphia: Federal Reserve Bank of Philadelphia, 1969.

Government and the Economy. Washington, D.C.: U.S. Chamber of Commerce, 1969.

Government Spending Programs. Synopsis.

Inflation and National Priorities. Washington, D.C.: U.S. Chamber of Commerce, 1969.

Money and Finance. Washington, D.C.: U.S. Chamber of Commerce.

Money, Banking and Credit in Eastern Europe. New York: Federal Reserve Bank of New York, 1966.

Our Remarkable Banking System. New York: Banking Education Committee of the American Bankers Association, 1969.

Purchasing Power of the Dollar. New York: Banking Education Committee of the American Banking Association, 1969.

Ratchford, B.U. and Monhollon, Jimmie R. Notes on Central Banks. Richmond: Federal Reserve Bank of Richmond, 1968.

The Savings and Loan Association: An American Financial Institution. Chicago: U.S. Savings and Loan League, 1969.

The Velocity of Money. New York: Federal Reserve Bank of New York, 1969.

Unemployment to Prosperity, Why? Philadelphia: Federal Reserve Bank of Philadelphia, 1966.

*What Everyone Should Know About the American Economy and Its Problems. Greenfield, Mass.: Channing L. Bete Co., Inc., 1965.

*Why Economics? Washington, D.C.: U.S. Chamber of Commerce.

*Why Prices? Washington, D.C.: U.S. Chamber of Commerce

Your Biggest Bargain. New York: Banking Education Committee of the American Bankers Association, 1969.

B. Audio-visual: (All films available from Lindsey Hopkins)
*low level

Credits and Loans.	Prog. Pictures,	20 min. B&W	1-10196
The Inevitable Day.	U.S. Treasury,	28 min. Color.	1-31170

*Fundamentals of Economics. Eye Gate House, Inc. 8 filmstrips and guide.

C. Other:

Economic System. Available from Academic Games Associates, John Hopkins University.

Managing Your Money. Available from CUNA Mutual Insurance Society, Madison, Wisconsin.

Monoply. Available from Parker Brothers, New York.

Panic. Available from Interact.

D. Supplemental pupil resources:

Any of the supplemental textual material mentioned above.

3. TEACHER REFERENCE MATERIAL: (Selected bibliography)
*may also be used for supplemental student reports and reading

*Barger, H. Money, Banking and Public Policy. New York: Rand McNally.

Boynton, Ralph E. Your Future in Banking. New York: Richards Rosen Press, 1965.

*Chandler, L.V. Benjamin Strong, Central Banker. Brookings Institution, 1958.

Chase, Stuart. Money to Grow On. New York: Harper & Row, 1964.

*Friedman, Milton. A Monetary History of the U.S., 1867-1960. Princeton: Princeton University Press, 1963.

*Haines, W.W. Money, Prices and Policy. New York: McGraw-Hill Book Co., 1966.

*Hammond, Bray. Banks and Politics in America, from the Revolution to the Civil War. Princeton, N.J.: Princeton University Press, 1957.

*Hanovitch, W. ed. Monetary Theory: The Argument from Keynes' Treatise to Friedman. Boston: D.C. Heath & Co. 1966.

*Harriss, C.L. Money and Banking. New York: Allyn and Bacon.

Hobson, Burton and Reinfield, Fred. Manual for Coin Collectors and Investors. New York: Sterling Publishing Co., 1962.

•Inman, Raymond S. and Murphy, Robert E. The Economic Process: Inquiry and Challenge. Glenview, Illinois: Scott, Foresman and Company, 1969.

•Jacoby, N.H., ed. United States Monetary Policy. New York: Praeger, 1964.

•James, M. and James, B.R. The Story of the Bank of America. New York: Harper & Row, Publishers, 1954.

•Knipe, James L. The Federal Reserve and the American Dollar: Problems and Policies 1946-1964. Chapel Hill: University of North Carolina Press, 1965.

•Murad, Anatol. What Keynes Means. New York: Bookman Associates, 1962.

•Sause, G.G. Money, Banking, and Economic Activity. Boston: D.C. Heath & Co., 1966.

Wagner, L.E. Income, Employment, and Prices. Ames, Iowa: State University of Iowa, 1960.